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Regulatory Approaches to Systemic Risk Monitoring in Contemporary Retail Credit Markets

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Abstract

The pace of financial innovation in the Australian retail credit sector is ongoing, as is pressure on existing regulation. While new legislative and prudential regulatory measures are designed to address such pressure, there has been little consideration given to how such regulatory changes address the issue of systemic risk emanating from operational business associated with new products. This paper examines the role of complaints as a mechanism to uncover systemic risk in the Australian retail credit sector. Drawing on qualitative content analysis of sector complaints institutional reports for the period 2021-2025, the paper details the extent to which operational failures recur within complaint fields as an identifiable risk rather than as part of a formal regulatory preventative framework. The governance themes that emerge from the complaints institutional reports include containing complaints within the firm's boundaries, customer stress in hardship reviews, system level policy divergences. The sequence in which firms respond to customer complaints. The author argues that the metaphoric of detection drift captures the shift in the sector from formal preventative regulation to the occurrence of complaint escalation and thus risk discovery. While using complaints for risk discovery affords the regulator some 'risk-based learning', it has the effect of producing a significant amount of detection drift (i.e. delays, uneven levels of detection and exposure to risk). To redress this risk, the author argues that there is a need for better integration of complaints, data analytics with on the ground prudential regulation and firm wide governance arrangements to ensure the ongoing stability of the retail credit sector in the face of financial innovation.

Keywords- Regulatory perimeter; detection drift; complaint architecture; retail credit regulation; systemic risk detection; regulatory governance; institutional learning; operational resilience

1. Introduction

Financial innovation is a recurrent theme in financial market regulation and in practice has proved to be difficult to manage within current rules. Developments in retail credit markets - innovations in financial products, on-line platforms for lending and the more recent on-line lending marketplaces- all have evolved at a very high pace. A large share of new credit activities is not anymore regulated through specific legislation which was designed to address risks for households. This phenomenon of regulatory perimeter drift has been heavily documented in the financial regulation literature [1]. Fast moving economic developments have sometimes led to breaches of existing prudential rules which, in turn, raised uncertainty as to the applicable rules and to the equivalent activity (if any) for the new products and practices that have been put in place. The traditional way of dealing with such events is through the adoption of new rules, through the issuance of guidelines related to existing legislation and by means of enforcement. However, perimeter reforms do not deal with a more essential and far-reaching issue that may arise in financial markets: how to assess systemic risks once new products and practices (which are part and parcel of the normal functioning of the financial system) have become embedded.

So far, the literature has concentrated on issues of classification, rule changes and regulatory bodies. Not much is written about how regulators monitor and deal with potential risks of adverse effects resulting from a product

which has been released on the market. Retail credit is governed by prudential regulation of conduct of business rules, disclosure requirements, hardship provisions and credit reporting. The buy now pay later debate illustrates the issues that can arise where regulatory rules are not always commensurate with the pace of developments in the market [2, 3]. With institutional reporting occurring on a relatively regular basis, the ongoing occurrence of issues arising during the day-to-day regulatory business points to the on-going difficulties faced by the regulatory state in dealing with systemic risks at the point in time when all relevant rules are expected to have been complied with.

This paper addresses that gap by examining the growing reliance on complaint-based mechanisms within Australia's retail credit ecosystem. It asks why systemic risk detection increasingly occurs through dispute resolution and complaint escalation rather than solely through ex-ante supervisory controls. Drawing on qualitative analysis of institutional documents from 2021–2025, the study conceptualises complaint architecture as part of the broader detection framework of the regulatory state and introduces the notion of detection drift the gradual relocation of risk visibility from preventative oversight to activated complaint processes. In doing so, the paper extends regulatory perimeter scholarship by shifting attention from formal rule adjustment to operational risk detection and contributes to regulatory governance literature by reframing complaint systems as integral components of institutional learning in complex financial markets.

2. Literature and Conceptual Framework

2.1 Regulatory Perimeter and Financial Innovation

Classification is a fundamental aspect of the regulatory framework of the financial sector. The classification of activities is decided based on laws and regulations that designate certain activities as credit, payment, banking or financial services and, as such, subject to specific regulatory requirements. The regulatory perimeter is the boundary that defines the scope of obligations, supervision and enforcement. As new financial services are created that are economically indistinguishable from the activities that are currently included in the regulatory perimeter but are classified differently because they fall outside the perimeter, a mismatch between the economic activities and the regulatory framework is created. This phenomenon is known as perimeter drift or functional misclassification [1].

Almost all the literature on regulation focuses on the state's reaction to what is considered a perimeter drift. In the literature, reforms, regulatory decisions and increased supervision are seen as measures to enforce the compliance of the firms involved in the new activity. The regulatory response is therefore described as a process of adjustment consisting of calibration of the legislation, the regulatory interpretation of the existing rules and the extension of the regulatory authority. The regulatory literature focuses on the question of whether an activity is located inside or outside the perimeter of the regulation and on the capacity of the regulatory actors to transform the perimeter [17].

It is inevitable that there will be some gap between the evolution of activities, technologies and the ability of statutory categories and regulatory requirements to keep pace. Conversely, the dynamics of compliance systems, data structures, controls and working practices at the level of operational processes are not always responsive to changes in the underlying character of these activities and technologies. The aftermath of recalibration is not well-studied in the literature, and it is unclear whether regulators have institutional and informational mechanisms in place to identify any deviations from routine business practices that are introduced as new technologies become integral to everyday work activities. This is not a matter of the scope of the regulatory perimeter needing to be revised to accommodate the nature of contemporary risks. The key regulatory issue is whether the information required for risks associated with new activities and technologies that fall within that perimeter are accessible to the regulator.

2.2 Institutional Learning and Regulatory Capacity

Regulation is not only a matter of law change. Institutional change is also necessary. A range of factors have been identified in the governance literature including institution ability to monitor sources of risk; institution ability to understand or decipher the information they collect; institution ability to adjust their regulatory practices. A key characteristic of a polycentric system of governance is that power is distributed across multiple centres and is grounded in principles of distributed legitimacy, accountability, and that these mechanisms sustain the capacity

for governance [4]. Regulatory capacity in the context of responsive regulation and risk-based approaches to governance refers to the ability to manage that capacity in a dynamic, adaptive manner and to collect, focus and adjust or modify their regulatory efforts as market conditions change. As noted in the public management literature, regulatory systems must be 'adaptive' to deal with uncertainty [5]. Detection is an essential part of the broader 'everyday regulation' practice.

Risk detection in financial markets is not solely a regulatory matter. The regulatory bodies cannot always discover the risks emerging in financial markets. Large-scale retail credit business is characterised by highly automated information technology, a multitude of sales channels, many intermediaries and by the extensive outsourcing of business functions. This results in a significant amount of information asymmetry between the financial institutions and the authorities, the potential weaknesses in the business operations may remain undiscovered. In addition, the regulatory tools such as reporting, licensing and auditing may not be effective enough in discovering the potential systemic risks or the operational failures that have occurred during the everyday business.

Identifying the types of problems that are material to institutional learning in consumer financial services markets will arise through a range of channels. These will include consumer complaints received by regulatory authorities, enforcement actions taken by regulators in response to perceived non-compliance, and market monitoring carried out by public agencies. Some of the information is also likely to arise in the context of interactions between consumers, the financial system and the wider regulatory system. Markets with multiple observation points are likely to be more adept at monitoring and responding to the common problems that are at the root of any systemic weaknesses. However, there has been very little research to date that provides insight into how the new distributed systems of consumer financial services market product surveillance operate, and how they interact with any subsequent regulatory monitoring of significant problems as they are uncovered.

2.3 Complaint Systems and Dispute Resolution in Regulatory Governance

Complaint and dispute resolution bodies are usually seen as consumer redress institutions. Looking at grievance redress mechanisms as institutions that impact accountability and organizational responsiveness broaden the scope of their effects beyond dispute resolution [7]. The mainstream adjudicative role of these bodies is dispute settlement and providing redress where contractual or statutory obligations are not met. However, an increasingly important ancillary role assigned to these bodies in a growing number of jurisdictions is that of systemic reporting functions. Where a mandate is also given to identify and refer repetitive complaints to regulatory agencies, these bodies then function as governance institutions that transcend dispute settlement. Serving as an enforcement trigger for regulatory agencies can be an important part of the functions of a complaint mechanism that serves as an institution within a regulatory enforcement framework [8].

The complaints procedure is one of the ways in which consumers are empowered and government regulation enforced. Individual complaints from many consumers about banking, credit & financial services can highlight trends and issues that may not have been noticed by the regulatory authorities. Examples of this include repeated difficulties experienced by consumers in the hardship debt relief process, the way in which information is recorded on credit reference databases, the language used in the terms and conditions of credit contracts. The regulatory authorities may not become aware of these issues until after many complaints have been referred to them by the CCR.

Complaints have become a central plank of the regulatory governance project, but the theory of complaints has not been subject to detailed analysis. While there has been research into the part played by ombuds and ADR in identifying patterns of behaviour that may be the subject of concern, this has generally been treated as a secondary function. Our paper argues that, since so many of the problems that plague regulatory systems are uncovered through the complaints process, dispute resolution has a more central part to play in the regulatory state's early warning system than has been recognised in the literature. This issue has not yet been fully explored and the implications for regulatory capacity, the timing of detection of the non-compliant behaviour and the distribution of regulatory activity between different levels of governance have not been fully elaborated.

2.4 Conceptualising Detection Drift

Drawing on regulatory perimeter scholarship and institutional learning theory, this paper introduces the phenomenon of "detection drift", referring to the change in the visibility of systemic risk over time within the

complex system of financial governance. Detection drift occurs when the detection of systemic risk is shifted from preventive measures that are ex-ante, supervisory and thus designed to prevent potential risks from arising to ex-post, complaint-based measures. This does not mean that the regulation has failed or that the regulatory power is lost. Rather, it reflects the institutional challenges that arise from the characteristics of technological scale, organisational fragmentation and operational automation inherent to modern banking. Risk-based regulatory governance assumes that institutions have the capacity to detect risks and to respond to regulatory signals [9].

In a highly distributed retail credit market, risks may not arise as a legal or regulatory matter. Instead, the risks embedded in the design of the technology systems that facilitate credit granting, the processes that govern them, the terms and conditions set out in product documentation, or the rules governing customer hardship applications, may be latent, with consumer complaints the only sign of any problems that have arisen. Mandating complaint monitoring for repeat complaints at an individual level to monitor for systemic problems at the market level, turns these complaints into governance signals emanating from dispute resolution processes. The structure of the dispute resolution processes that make up the observation mechanisms of the regulatory state, allows it to observe and draw collective knowledge from disparate consumer harm experiences to translate localized information into a national problem space. In this way, the complaint systems act as a fire-alarm type of regulatory oversight, with the state's institutional response to risk triggered by the alarms signalled from the outside rather than through any permanent on-the-ground inspection regime [10].

Regulatory categories may need to be reviewed considering the pressure they are subjected to by the new types of activities generated by innovations in the financial industry. However, operational divergences appearing in the execution layers of firms may remain even when the perimeter of the regulatory categories has been adapted. The damage linked to the new activities is only detected when individual and collective complaints are recorded. Instead of being detected beforehand by regulatory authorities, the damage only appears when end-users decide to buy or not to buy a product, when their complaints are identified, and when the complaint handling infrastructure is triggered. Taking into account the detection drift as defined in this document allows to go beyond the necessary review of the regulatory categories, in order to take into account the necessary improvements in the detection, management and aggregation of risk-based alerts which are included in the execution layers of the financial institutions, as well as in the multi-layered institutional framework governing the financial industry. The following sections apply this conceptual framing to the Australian retail credit context.

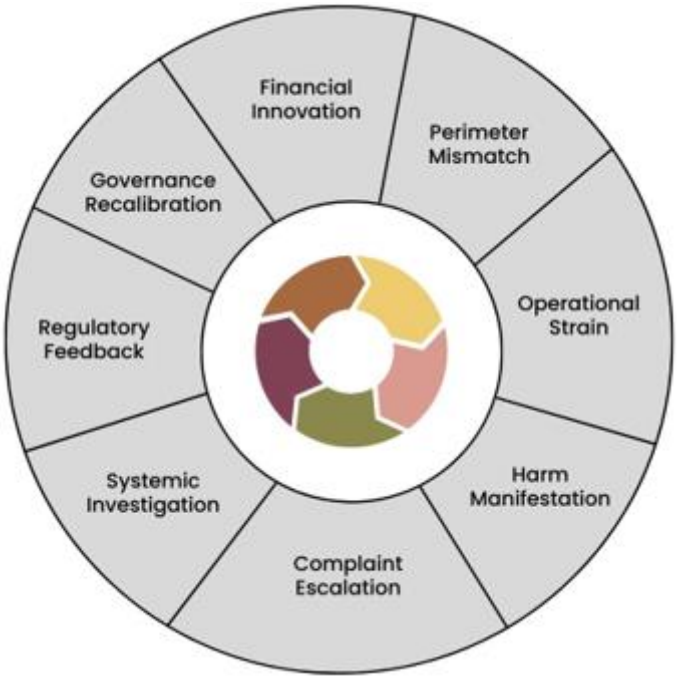

Figure 1. Complaint Architecture as Risk Detection Infrastructure

Table 1 summarises the institutional roles within the retail credit governance ecosystem.

Institution	Formal Mandate	Detection Mode	Response Mechanism	Role in Risk Learning
Treasury	Legislative perimeter	Ex-ante policy design	Statutory reform	Perimeter recalibration
RBA	System stability & payments oversight	Macro risk assessment	Policy guidance	System resilience framing
ASIC	Conduct supervision & enforcement	Supervisory + enforcement	Enforcement, RG guidance	Compliance reinforcement
AFCA	Dispute resolution & systemic reporting	Complaint-triggered	Systemic investigation & referral	Harm detection & escalation

Table 1. Institutional Layers in Retail Credit Governance

3. Methodology

3.1 Research Design

This study adopts a qualitative institutional research design to examine how systemic risk detection operates within Australia's retail credit governance architecture. The analysis focuses on institutional processes rather than firm-level performance or consumer outcomes. Specifically, it investigates how systemic issues are identified, classified, escalated, and integrated into broader regulatory response mechanisms across multiple governance actors.

The research design combines theory-informed deductive coding with inductive thematic analysis. Deductive coding was guided by the conceptual framework developed in Section 2, particularly the distinction between ex-ante supervisory mechanisms and ex-post detection pathways. Inductive analysis was subsequently employed to identify recurring governance patterns across institutional documents without imposing predefined empirical categories. This dual approach enables structured examination of detection architecture while remaining responsive to patterns emerging from the data.

The study is interpretive but bounded. It does not seek to evaluate regulatory effectiveness normatively, nor to measure harm prevalence quantitatively. Instead, it traces institutional signalling pathways through which systemic weaknesses become visible within a multi-layered governance system. By centring institutional processes, the design aligns with regulatory governance scholarship concerned with capacity, coordination, and learning under conditions of operational complexity.

3.2 Data Corpus

The analysis draws on publicly available institutional documents produced between 2021 and 2025 across four governance layers within Australia's retail credit ecosystem: systemic issue and dispute resolution reports issued by the national external dispute resolution body; annual and enforcement reports from the primary conduct regulator; annual and payments oversight reports from the central bank; Treasury publications outlining legislative & perimeter developments. The empirical material includes annual reports issued by the Australian Treasury (2023–2025), the Reserve Bank of Australia (2022–2025), the Payments System Board (2025), the Australian Securities and Investments Commission (2021–2025) [18, 21, 25]. These documents were selected based on institutional relevance, formal accountability, and temporal continuity, ensuring coverage of legislative design, supervisory activity, enforcement narratives, and systemic reporting processes over multiple years. The dataset includes systemic investigation summaries, complaint trend analyses, breach reporting disclosures, and policy updates, enabling examination of how systemic signals emerge, are escalated, and enter broader regulatory frameworks.

3.3 Coding Framework

A structured coding framework was developed to guide the analysis of institutional documents. Coding proceeded in two stages. First, theory-informed deductive coding was applied using categories derived from the conceptual framework, particularly the distinction between ex-ante supervisory mechanisms and ex-post detection pathways. Documents were coded across six analytical dimensions: (1) signal type (e.g., complaint cluster, hardship breakdown, credit reporting inaccuracy, disclosure inconsistency); (2) root cause classification (e.g., system misconfiguration, policy–practice divergence, training deficiency, governance oversight gap); (3) scale indicator (evidence of cohort size, remediation scope, or financial magnitude); (4) institutional escalation pathway (whether and how issues were referred or integrated into regulatory processes); (5) remediation scope (individual correction, cohort review, system redesign, policy revision); and (6) detection mode (proactive supervisory identification or complaint-triggered investigation).

Second, inductive thematic analysis was conducted to identify recurring governance patterns across product categories and institutional sources. Rather than isolating product-specific issues, the analysis prioritised cross-cutting dynamics that appeared consistently over time. Themes were retained where patterns recurred across multiple institutional layers or reporting periods. This combined approach enabled structured comparison while allowing governance patterns to emerge from the data without presupposing empirical outcomes.

3.4 Analytical Strategy

The analysis proceeded through three sequential stages. First, signal mapping identified where and how systemic issues were initially recorded within the institutional ecosystem. This involved tracing the first documented appearance of recurring weaknesses across complaint reports, enforcement disclosures, and supervisory narratives. Second, escalation tracing examined how identified issues moved across governance layers, including whether and how they were referred to regulatory authorities, incorporated into enforcement activity, or embedded within broader policy discourse. Third, feedback assessment evaluated whether documented systemic concerns were associated with recalibration in oversight practices, reporting structures, or regulatory framing over time.

This process-oriented strategy enables examination of detection architecture without conflating issue identification with enforcement outcomes. The emphasis remains on institutional sequencing and governance interaction rather than on attributing fault or measuring regulatory performance. By focusing on how systemic signals circulate are absorbed within the regulatory ecosystem, the analysis isolates the structural features of risk detection in complex retail credit markets.

4. Findings: Detection Pathways in the Retail Credit Ecosystem

4.1 Complaint Clustering as Initial Signal

Across the institutional documents analysed, systemic weaknesses frequently first appeared through clusters of complaints rather than through supervisory reporting. ASIC (2023) reported recurring failures in hardship assessment processes [26]. Recurring dissatisfaction relating to hardship decisions, credit reporting accuracy, disclosure inconsistencies, and claim handling practices often preceded formal systemic investigation. In several cases, the triggering event was not a proactive review but the accumulation of disputes reaching external resolution.

Documentation indicates that complaint escalation acted as the point at which dispersed operational issues became institutionally visible. However, recognition was not automatic. Reports referenced instances in which dissatisfaction was not consistently classified as a formal complaint, where internal dispute resolution processes did not escalate patterns, or where adverse actions continued during active disputes [23]. These features suggest that initial signals depended on classification practices and escalation protocols within firms before reaching broader institutional attention.

4.2 Hardship Processes as Points of Operational Strain

A second recurring pattern concerned hardship and vulnerability mechanisms. Institutional reporting referenced incorrect hardship decline notices, failures to reassess updated information, missed statutory timeframes, and rigid application of eligibility criteria. ASIC (2024) documented systemic issues in hardship communication

timeframes [27]. In some instances, automated systems generated outcomes without sufficient review, resulting in systemic corrections only after complaint escalation.

Hardship frameworks are formally embedded within retail credit regulation as consumer safeguards. The documentation analysed indicates that breakdowns within these mechanisms frequently surfaced through dispute resolution processes rather than through supervisory identification [22]. These breakdowns often affected multiple consumers before institutional recognition occurred, particularly where system logic or escalation processes were misaligned with policy requirements.

4.3 System Architecture and Policy–Practice Divergence

A third cross-cutting pattern involved operational misalignment between formal policy and system execution. Reports referenced inaccurate credit listings, failure to update account status, disclosure inconsistencies, outdated documentation, and breakdowns in data transfer between institutional actors. In many instances, such issues affected large cohorts before corrective action was initiated. The RBA (2024) emphasised payments system resilience, while operational execution risks remained outside macro-level framing [21].

Unlike perimeter misclassification, these weaknesses occurred within already regulated domains. Statutory obligations governing disclosure, reporting, and hardship were in place [20]. The recurring issue lay in execution: system configuration, automation triggers, and manual processes did not consistently reflect formal requirements. Institutional documentation frequently located recognition of these issues within complaint-driven systemic investigations rather than supervisory audits.

4.4 Remediation Sequencing and Scope Expansion

A fourth pattern concerned the sequencing of remediation. Across product categories, remediation programs typically followed systemic investigation or complaint clustering. Even where issues were internally identified, review scope often expanded progressively from affected complainants to defined cohorts, and in some cases to broader populations.

This sequencing indicates that recognition of systemic exposure often followed accumulation rather than anticipation. Remediation involved retrospective correction, data adjustment, compensation payments, or system redesign after patterns were identified. While institutional responsiveness was documented, the ordering of events consistently reflected escalation preceding systemic review. Table 2 summarises the recurring governance failure modes identified across institutional documents.

Theme	**Typical Trigger**	**Structural Root Cause**	**Governance Consequence**	**Detection Mode**
Complaint misclassification	IDR failures	Organisational siloing	Delayed systemic recognition	Complaint cluster
Hardship breakdowns	Decline notices	Automation / escalation gaps	Vulnerable consumer exposure	Complaint escalation
Credit reporting errors	Bureau logs	System misconfiguration	Scale harm across cohorts	Complaint-triggered review
Policy–practice divergence	Claims / reinstatement errors	Legacy systems	Misaligned execution	Dispute investigation
Narrow remediation	Limited cohort review	Reactive governance	Detection lag	Post-complaint expansion

Table 2. Recurring Governance Failure Modes Identified Through Complaint Architecture

4.5 Escalation and Institutional Integration

Across governance layers, complaint-derived systemic investigations were linked to formal reporting obligations and regulatory engagement. The Payments System Board (2025) reiterated the importance of monitoring financial

system stability [24]. Documentation referenced referral processes, integration of findings into enforcement narratives, and incorporation of systemic issues into supervisory discussions. Dispute resolution bodies operated within structured reporting frameworks that transmitted recurring patterns to regulatory authorities.

This recurring pathway indicates that complaint architecture functioned within, rather than outside, the broader governance system. However, institutional recognition consistently followed activation and aggregation rather than proactive supervisory discovery [28].

5. Discussion: Detection Drift and Institutional Adaptation

Detection drift does not describe enforcement delay; it captures a structural relocation of primary systemic visibility from supervisory architecture to complaint aggregation pathways within the regulatory state. The empirical patterns outlined above point to a structural feature of contemporary retail credit governance: systemic recognition frequently follows complaint activation rather than preceding it. While regulatory perimeter recalibration addresses classification gaps, it does not ensure early identification of execution failures within complex delivery systems [11]. As retail credit becomes automated and distributed across layered intermediaries, supervisory institutions face informational constraints.

This shift can be conceptualised as detection drift. Detection drift refers to a shift in the institutional locus of risk observation, from preventative supervisory mechanisms to complaint aggregation as the primary channel of systemic visibility. The concept does not imply erosion of regulatory authority [12]. Instead, it reflects the redistribution of observational capacity within a multi-layered governance system. As retail credit delivery becomes automated, decentralised, and mediated by digital infrastructure, supervisory institutions face informational constraints. Complaint aggregation compensates for these constraints by consolidating dispersed signals that might otherwise remain institutionally invisible [13].

Detection drift carries structural implications. First, it introduces temporal dependency: harm must accumulate before recognition occurs. Second, it embeds activation dependency within the governance process, as detection depends on consumer escalation and internal classification practices. Third, it shifts part of the detection burden toward dispute resolution bodies that were not originally designed as primary supervisory actors. These dynamics reconfigure the balance between preventative design and reactive learning within the regulatory state.

At the same time, the findings suggest that complaint architecture enhances institutional learning. Aggregated disputes generate pattern recognition, trigger systemic investigation, and enter formal regulatory channels through reporting and referral mechanisms [14, 15]. This layered detection structure reflects adaptive governance under complexity rather than simple regulatory shortfall. The central governance question therefore becomes one of integration: how effectively complaint-derived signals are embedded within supervisory intelligence frameworks and translated into preventative recalibration.

By foregrounding detection drift, the analysis extends regulatory perimeter scholarship beyond classification and rule adjustment [16]. It directs attention to the mechanisms through which institutional systems observe operational strain once markets have scaled. Subsequent Treasury reforms (Australian Treasury, 2025) illustrate how systemic signals were incorporated into perimeter adjustment [19]. In doing so, it positions complaint architecture not as peripheral consumer redress, but as a structural component of risk detection within evolving financial governance arrangements.

6. Conclusion

This paper examined how systemic risk becomes visible within Australia's retail credit ecosystem and why complaint-based mechanisms have assumed a central role in that process. While regulatory perimeter recalibration remains an essential feature of financial governance, formal rule alignment does not guarantee early detection of operational weaknesses. The institutional record indicates that systemic recognition often follows complaint escalation, suggesting a redistribution of risk visibility within the regulatory architecture.

By conceptualising this shift as detection drift, the study reframes regulatory adaptation as a question of observational capacity as well as rule design. Complaint systems function as embedded nodes within a broader governance network, aggregating dispersed signals and transmitting them across institutional boundaries. At the

same time, reliance on activated harm introduces structural constraints, including temporal lag and activation dependency.

As retail credit markets continue to evolve through digitalisation and automation, effective governance will depend not only on perimeter calibration but on how detection mechanisms are integrated across supervisory layers. Strengthening the alignment between complaint analytics, firm-level governance, and regulatory oversight remains central to sustaining institutional resilience under conditions of ongoing financial innovation.

7. Limitations and Future Research

This study relies exclusively on publicly available institutional documents. While such reports provide structured insight into how systemic issues are identified and escalated, they represent curated accounts of governance processes rather than internal supervisory deliberations or firm-level decision-making records. The analysis therefore captures observable detection pathways but does not access confidential supervisory correspondence, internal risk analytics, or informal coordination between regulators and firms. As a result, the study focuses on documented institutional signalling rather than the full range of regulatory interactions.

A second limitation concerns the nature of complaint-derived data. Complaint architecture captures activated harm instances in which consumers recognise detriment and pursue escalation. Not all affected individuals lodge complaints, and barriers to activation may vary across consumer groups. The study does not treat complaint volume as a measure of total systemic exposure, but as an indicator of institutional visibility. Consequently, the findings illuminate how risk becomes observable within governance structures rather than the complete distribution of harm within the market.

Third, the research design is qualitative and institutional in orientation. It identifies patterns in detection sequencing and escalation but does not estimate frequency, causality, or comparative regulatory performance. Future quantitative research could examine longitudinal complaint datasets to model detection lag, escalation thresholds, and remediation expansion over time. Linking complaint timing with enforcement activity or legislative reform may further clarify how regulatory learning cycles unfold.

Several avenues for further inquiry arise from this analysis. Comparative cross-jurisdictional studies could explore whether similar detection dynamics occur in other regulatory systems, particularly where dispute resolution bodies have different mandates or reporting obligations. Firm-level research could investigate how boards and senior management integrate complaint analytics into governance frameworks, including whether complaints are treated as operational risk intelligence or reputational matters. Finally, as retail credit delivery becomes increasingly automated, future work could examine how algorithmic decision-making, digital platforms, AI-assisted customer service alter both harm manifestation and detection pathways. Understanding how complaint architecture interacts with technologically mediated financial systems will remain central to the study of regulatory governance under conditions of ongoing innovation.

Declarations

Ethics Approval and Consent to Participate

This study is based exclusively on publicly available institutional documents, including annual reports and regulatory publications. No human participants were involved, and no primary data were collected. Accordingly, ethics approval was not required.

Consent for Publication

Not applicable.

Availability of Data and Materials

The data analysed in this study consist of publicly available institutional reports issued by the Australian Treasury, the Reserve Bank of Australia, the Payments System Board, and the Australian Securities and Investments Commission between 2021 and 2025. All documents are accessible through the official websites of the respective institutions.

Competing Interests

The authors declare that they have no competing interests.

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